

SUBCOMMITTEE NO. 3

Health, Human Services, Labor & Veteran's Affairs

Agenda

Chair, Senator Elaine K. Alquist
Senator Alex Padilla
Senator Dave Cogdill



Thursday, March 15, 2007
10:00 am or Upon Adjournment of Session
Room 4203 (John L. Burton Hearing Room)
(Eileen Cubanski, Consultant)

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Vote-Only Agenda

Vote Only Issue 1: Department of Child Support Services – Employer Data File Maintenance

Description: The proposed Governor's Budget requests authority for 6.5 new positions in the Department of Child Support Services (DCSS) to manage and support a centralized statewide Employer Data File (EDF).

Background: California is currently developing a statewide automation system that includes a central repository for employer-related data. Although there are other statewide databases including employer information maintained by the Employment Development Department and the Franchise Tax Board (FTB) for their purposes, the DCSS' EDF will contain more information than those, as well as information on a national level. The positions requested for the workload associated with the EDF were based on an analysis of the number of staff required by FTB to maintain their central employer file (which is smaller than the EDF will be). The \$249,000 needed to support the new positions will be redirected from contract savings.

Staff Recommendation: Approve as budgeted.

Vote Only Issue 2: Department of Child Support Services – Transfer of General Fund Authority from the Department of Justice

Description: The proposed Governor's Budget transfers \$348,000 General Fund from the Department of Justice (DOJ) budget to the Department of Child Support Services (DCSS) budget. This is a technical adjustment.

Background: Effective July 1, 2007, the DOJ will shift to a simply monthly billing rate method for DCSS, which will streamline the process and make it consistent with the method currently employed by the DOJ's other special fund clients. The DOJ has a companion budget change proposal that conforms to this request.

Staff Recommendation: Approve as budgeted.

Vote Only Issue 3: Department of Child Support Services – Office of Audits and Compliance

Description: The proposed Governor's Budget includes two new positions to staff an Internal Audits Unit within the newly created Office of Audits and Compliance.

Background: The Department of Child Support Services (DCSS) was audited in January 2006 by the Department of Finance for compliance with Fiscal Integrity and

State Managers Accountability Act (FISMA) standards. The audit findings presented a clear need for an internal audit and compliance function to monitor, manage, and improve department policies and procedures by which it oversees its handling of \$2 billion in child support collections. The \$154,000 needed to support the new positions will be redirected from contract savings.

Staff Recommendation: Approve as budgeted. The workload appears justified.

Vote Only Issue 4: California Health and Human Services Agency – Child Welfare Leadership and Performance Accountability Act of 2006

Description: The proposed Governor's Budget includes \$156,000 (\$131,000 General Fund) and two positions to support the work of the California Child Welfare Council established by AB 2216 (Bass, Chapter 384, Statutes of 2006).

Background: AB 2216 established the California Child Welfare Council (Council) within the California Health and Human Services Agency (HHSA). The Council serves as an advisory body that will be responsible for improving the collaboration and processes of the multiple agencies and courts that serve children and youth in the child welfare and foster care systems.

The budget request includes funding for one analyst, who would provide support for the strategic direction of the Council and be responsible for administrative and day-to-day operations. The HHSA will redirect one assistant secretary position to set workload priorities, provide leadership to address the needs of children in the child welfare system, and supervise/coordinate the duties of the analyst. The request also includes \$60,000 to support regional meetings of the Council, professional facilitation, and travel funding for foster youth to participate in meetings as required by AB 2216

Staff Recommendation: Approve as budgeted. The workload request is justified.

Discussion Agenda

5180 Department of Social Services (DSS)

Background: Overview of Caseload, Costs, and Outcomes for Children and Family Services

Caseload and Costs Overview

Children and Family Services includes a continuum of programs designed to protect children from abuse, neglect, and exploitation, strengthen families, deliver services to children in out-of-home care, and support the adoption of children with special needs. These programs are operated by county welfare departments, and funded jointly with federal, state, and county resources.

The budget provides \$5.1 billion (\$1.7 billion General Fund) to support children and family services programs. Federal funding for these programs is provided by Social Security Act Titles IV-B, IV-E, XIX, and XX funding, as well as Temporary Assistance for Needy Families (TANF) funds.

Child Welfare and Foster Care Funding Sources

(dollars in millions)

2006-07	FEDERAL IV-E	OTHER FEDERAL	STATE	COUNTY	TOTAL
Child Welfare Services	\$827.3	\$557.2	\$778.6	\$217.6	\$2,380.3
Foster Care Grants	473.2	0.0	431.2	664.1	1,568.4
Foster Case Mgmt	37.9	0.0	27.9	9.8	75.6
KinGAP	0.0	0.0	107.7	32.0	139.7
Adoptions	47.5	0.0	59.7	0.5	107.6
AAP	282.3	0.0	291.8	97.3	671.4
Total	\$1,668.2	\$557.2	\$1,696.9	\$1,021.3	\$4,943.6

2007-08	FEDERAL IV-E	OTHER FEDERAL	STATE	COUNTY	TOTAL
Child Welfare Services	\$841.1	\$634.3	\$714.0	\$211.2	\$2,400.6
Foster Care Grants	465.1	0.0	419.5	659.6	1,544.2
Foster Case Mgmt	23.8	0.0	17.7	6.1	47.6
KinGAP	0.0	0.0	144.2	47.6	191.8
Adoptions	47.9	0.0	60.3	0.5	108.7
AAP	312.1	0.0	320.4	106.8	739.2
Total	\$1,690.0	\$634.3	\$1,676.1	\$1,031.8	\$5,032.2

- **Child Welfare Services (CWS).** This program encompasses a variety of services designed to protect children from abuse, neglect, and exploitation.

Services include Emergency Response, Family Maintenance, Family Reunification, and Permanent Placement. Combined average monthly caseload for these programs is estimated to decline by 2.5 percent in the budget year, primarily due to an increase in Kin-GAP caseload, which reduces Permanent Placement services. Total funding for CWS increased by 0.9 percent, to \$2.4 billion (\$714 million General Fund).

- **Foster Care Program.** The state's Foster Care Program provides support payments for children in out-of-home care, including foster homes, foster family agencies, residential treatment for seriously emotionally disturbed children and group homes. Average monthly foster care caseload is estimated to decrease by 4.4 percent, to 69,000 children. In recent years, group home and foster family agency caseload has been gradually increasing. Foster family homes caseload has been decreasing, primarily due to a shift to the Kin-GAP program. Total foster care funding is expected to decrease by 1.8 percent, to \$1.6 billion (\$449.7 million General Fund).
- **Kin-GAP and Enhanced Kin-GAP Programs.** The Kin-GAP programs provide support to children in long-term stable placements with relatives. The projected average monthly caseload for both programs is 20,789 children, reflecting an increase of 21.7 percent. The Kin-GAP programs are funded with General Fund Maintenance of Effort (MOE) and county funds. Total funding for Kin-GAP increased by 37.3 percent, to \$191.8 million MOE/county funds. The Kin-GAP increase results in a decrease in Foster Family Home and Child Welfare Services – Permanency Planning.
- **Adoptions Programs.** The state's adoptions programs include the Adoptions Assistance Program (AAP) as well as other state and county efforts to improve permanency outcomes for foster children. The AAP provides subsidies to promote permanent placement of children who are older, members of sibling groups, have disabilities, or are otherwise difficult to place. Budget year AAP caseload is expected to be 77,600, an increase of 6.6 percent over current year. Total funding for AAP and other adoptions programs increased by 8.8 percent, to \$847.9 million (\$380.7 million General Fund).

DSS Issue 1: Children and Family Services Review

Description: The proposed Governor's Budget includes \$702,000 (\$351,000 General Fund) and five positions to establish a new unit to support federally required Children and Family Services Reviews (CSFRs). Based on federal statute, these reviews will occur every three years. The budget also includes a request to make two limited-term positions related to AB 636 implementation permanent (see DSS Issue 2 for a description of AB 636).

Background:

Children and Family Services Review (CSFR). In 2002, the federal Administration for Children and Families (ACF) conducted a performance review of California's child welfare system for the first time. The performance review included two broad sets of evaluation criteria. Both sets of criteria contained seven separate subareas for review. The first part of the review, referred to as "systemic," focused on factors such as training, statewide data collection, and the state's quality assurance processes. The second part of the review focused on seven measurable outcomes within three broad areas: safety, well-being, and permanency of children involved in the system.

In 2002, California passed two of the seven systemic factors and failed all seven of the outcome measures pertaining to child safety, well-being, and permanency. As a result, the state was required to develop and implement a Performance Improvement Plan (PIP) in order to avoid penalties in the form of reductions in federal funding. The PIP outlined the degree of improvement that the state needed to achieve in order to avoid penalties, as well as a number of action steps that the state was required to take.

As of July 2005, the ACF certified that the state had successfully met all seven of the systemic factors and completed those required action steps in the PIP. In April 2007, the ACF will review the state's performance on the other outcome measures (safety, permanency, and well-being) of the PIP. Although the final data that will be used for the April 2007 review are not yet available, the LAO has compared the state's performance for 2005 and 2006 using the latest available data. The following table summarizes the state's performance. As the chart on the following page shows, California has improved and is now passing in four of the seven safety, permanency, and well-being outcome areas. However, we continue to fail in three of those areas.

Figure 1 Child Welfare Services California's Performance Improvement Status				
Performance Outcomes	Performance Second Quarter 2005		Performance Second Quarter 2006	
	Result	Pass/ Fail	Result	Pass/ Fail
Safety				
(1) Children are protected from abuse and neglect (two goals)		F		P
Children with repeat maltreatment ↓	8.7%	P	8.4%	P
Maltreatment of children in foster care ↓	0.78	F	0.66	P
(2) Children are safely maintained in their homes		F		P
Children with repeat maltreatment ↓	22.6%	F	22.1%	P
Permanency				
(3) Children have permanency and stability in their living situations		F		F
Children who reenter foster care after exit ↓	10.7%	F	10.9%	F
Children/family reunified within 12 months ↑	68.2	P	68.2	P
Children adopted within 24 months ↑	29.3	P	29.7	P
Children with two or less placements in 12 months ↑	85.2	F	85.7	F
Timely establishment of permanency goals ↑	74.3	P	77.8	P
Proportion of children with goal of long-term foster care ↓	31.3	P	28.8	P
Well-Being				
(4) Children whose family relationships and connections are preserved		F		P
(5) Families have enhanced capacity to provide for their children's needs		F		F
(6) Children receive appropriate services to meet their educational needs		F		F
(7) Children receive adequate services to meet their physical and mental health needs		F		P
↑ ↓ Arrows indicate direction of desired performance improvement.				

(Source: LAO 2007-08 Analysis)

Potential Penalty for PIP Failure. Federal penalties are assessed based on whether the state meets its goal for each outcome. For each goal not met, a penalty of one percent of the state's federal fund allocation is assessed beginning with federal fiscal year 2002. California's penalties have been held in abeyance pending the final review of the state's PIP, although interest (of 12.5 percent) and the penalties continue to accrue. The full penalty amount for the state's failure of the three outcome measures is estimated to be \$25.8 million. Penalties could be applied as early as May or June 2007.

Next CFSR Review. California is scheduled for its next CFSR review in Federal Fiscal Year 2007-08. The ACF has introduced a new data measurement method for determining the effectiveness of states' child welfare systems under the CFSR. Unlike the first CFSR, where states were compared to their performance on seven data measures, the next CSFR will include 17 separate elements, 15 of which are new to the CFSR process. The new CSFR measures will also need to be integrated into the state's oversight process, requiring changes in our state accountability system under AB 636 (see DSS Issue 2 for a description of AB 636).

2007-08 Budget Request. The DSS requests \$702,000 (\$351,000 General Fund) and five positions to establish a new unit to support federally required CSFR activities. In the last federal CSFR, DSS redirected staff to complete the tasks associated with the Statewide Self Assessment but was not able to maintain this redirection to continue work on the PIP. The DSS still does not have the dedicated staff to perform the next self assessment for the 2008 CFSR. The two existing limited-term positions provide targeted technical assistance to counties to implement system changes and improve outcomes in high priority areas.

Questions:

1. Department, please provide an update on our compliance with the PIP. Will we pass in any additional areas or subareas?
2. Department, what is the timeline for final review of the PIP and potential assessment of penalties (i.e., what are the upcoming steps in the process?) Do you think the possibility of partial penalties as described by the LAO is realistic?
3. Department, explain the upcoming CFSR process and the work that needs to be done to prepare for it.
4. Department, describe the activities of the two AB 636 limited-term positions and how the work is going. How will these positions interact with the new CFSR unit?

Staff Recommendation: **Approve as budgeted.** The workload request appears justified.

DSS Issue 2: Improving Child Welfare Services Outcomes

Description: The proposed Governor's Budget includes \$941,000 (\$198,000 General Fund) and seven positions to provide state leadership, oversight, and technical support to counties who are working to improve children's programs.

Background: In addition to the federal Children and Family Review Services (CFRS) process described in DSS Issue 1, there are additional significant efforts at the state level that enhance and go beyond the existing CFRS requirements.

AB 636, California Child Welfare System Improvement and Accountability Act: In 2001, the Legislature passed the Child and Family Welfare System Improvement and Accountability Act (AB 636, Steinberg) to replace the state's process-driven county compliance review system with a new system focused on results for children and families. Using the federal CFRS standards as a starting point, AB 636 established a framework for measuring county performance and monitoring improvement in ensuring the safety, permanence, and well-being of children. However, AB 636 also added outcome measures and requirements that were important to California.

Starting in January 2004, counties began engaging their communities in examining performance and developing specific plans for system improvement. In this initial self-assessment phase, counties examined their strengths, service gaps, and needs based on the outcome measure data. Each county prepared and submitted a self-improvement plan to the department and began implementing new practices and policies designed to improve their performance. The system is structured as an ongoing quality improvement program, with each county monitoring its quarterly performance data and adjusting its approach accordingly.

Counties have also been participating in peer quality case reviews focused on areas needing improvement. In these focused reviews, neighboring counties partner with the department to review a random sample of cases and interview social workers to generate qualitative in-depth analysis of case results while promoting best-practice sharing among counties.

CWS Improvement Pilot Projects: Beginning in 2004-05, \$13.7 million (\$7.8 million General Fund) has been provided to 11 counties for pilot projects to improve their CWS outcomes. The pilots have focused on three methods for improving CWS delivery: (1) differential response intake, (2) standardized safety assessment, and (3) improving permanency and youth services. The success of these pilot projects will help improve outcomes measured by AB 636 and the CFRS.

2006-07 Funding to Further Improve Outcomes: The 2006 Budget Act included over \$200 million in on-going funding targeted toward improving child welfare and foster care outcomes. The largest single piece of funding is \$98 million (\$61.4 million General Fund) provided to county welfare departments to fund needed outcome improvements identified in the counties' system improvement plans developed pursuant to AB 636. The funds are allowed to be used flexibly for local priorities. The County Welfare Directors Association conducted a survey of the twelve largest counties, which represents 79 percent of the funding, to determine how the funds are being spent. The overwhelming majority of the funds are being used by these counties to hire more social workers to reduce caseloads. Additional activities being funded include differential response, prevention services for at-risk children, services to emancipated youth and youth in out-of-home care, and family preservation and wraparound services. In

addition, approximately \$29.1 million (\$13.1 million General Fund) was provided for county social worker training and to hire additional adoption caseworkers. It is still too soon to have data from the counties to determine if these investments are improving CWS outcomes.

The remaining funding was provided for efforts to help with the adoption of hard-to-place foster children, youth transitioning out of foster care, additional financial aid for foster youth attending college, Kinship programs, transitional housing, and the Title IV-E waiver. The DSS indicates that they have allocated much of this funding, but it is still too soon to see an impact on outcomes as a result of this funding.

2007-08 Budget Request: The DSS request includes \$941,000 (\$198,000 General Fund) and seven positions to provide state leadership, oversight, and technical support to counties who are working to improve children's programs. The DSS notes that a significant investment in local child welfare services was made in 2006-07, but no commensurate increase in state support for these local activities was provided. The positions would be used for the following activities:

- *Increase Child Safety* – Two positions would assist counties in the implementation of the Standardized Safety Assessment System and Differential Response, monitor counties' performances, and assist counties in improving these outcomes.
- *Improve Permanency* – Four existing limited-term positions would be made permanent to provide on-going leadership, oversight, and program expertise to social services and mental health partners at both the state and local levels in order to assure that counties meet the requirements of the Mental Health Services Act (MHSA). The DSS also requests \$300,000 in MHSA funds to contract for wraparound training and technical support to counties.
- *Improve Well-Being* – One position would develop and disseminate, in collaboration with the Department of Mental Health, mental health and developmental screening tools for use by physicians to see foster children, provide instruction and consultation to county staff to ensure accurate and adequate documentation of the results of mental health and developmental screens, assessments, and treatment services, and provide on-site county consultation and technical assistance.

Questions:

1. Department, please provide an update on the latest data you have regarding the 11 pilot counties.
2. Department, discuss how you will be measuring the outcomes of the on-going funding provided in 2006-07. When can we expect to know more about effectiveness of the expenditures?
3. Department, describe the budget request for the seven positions.

Staff Recommendations: Staff recommend partial approval of the request. This partial approval includes approval of one of the two positions requested for increasing child safety and converting the four limited-term positions to improve permanency to permanent positions. Approve the one position for improving well-being, but fund this with MHSA funding in lieu of General and Federal Funds for this position.

DSS Issue 3: Child Welfare Services Social Worker Standards and Budget Methodology

Description: There has been an ongoing effort in the Child Welfare Services (CWS) program to determine how many cases a social worker can carry and still effectively do his or her job. This item will discuss caseload standards and a budget methodology proposal that was due from the Department of Social Services (DSS) to the Legislature on February 1, 2007.

Background:

Child Welfare Services Workload Study (SB 2030) Findings: In 1998, the Department of Social Services commissioned the SB 2030 study of counties' caseloads. At the time, the study concluded that for most categories the caseloads per-worker were twice the recommended levels. According to the study, it was difficult for social workers to provide services or maintain meaningful contact with children and their families because of the number of cases they were expected to carry. The report also found that the 1984 standards used by the state were based on outdated workload factors, and did not reflect any additional responsibilities that had been placed on social workers by the state and federal governments.

These findings and the minimal and optimal social worker standards proposed by the report have been included in budget discussions regarding staffing standards since the report's release. However, due to the state's budget shortfalls, the department has continued to use the 1984 workload standards, instead of the minimal and optimal standards, as the basis for allocating funds to counties for child welfare services staff. Although the 1984 workload standards are still in use, additional funding of approximately \$478.4 million (\$232.7 million General Fund) has been provided in recent years to move closer to SB 2030 standards.

Annual Report Requirement: The human services trailer bill for the Budget Act of 2005 requires DSS to report annually at budget hearings on how close the state is to achievement of the SB 2030 standards.

Child Welfare Services (CWS) Budget Methodology: As part of the budget process last year, discussions occurred about whether to place the SB 2030 standards in statute with a timeline for achieving them. Instead, the final Budget Act of 2006 provided \$98 million (\$61.4 million General Fund) that could be used for local priorities, including hiring social workers. It also required the Department of Social Services to lead a workgroup, including the California Welfare Director's Association, legislative staff, and

members of organizations representing social workers, to develop a methodology for budgeting the child welfare services program to meet statutory program requirements and outcomes taking into account the SB 2030 standards.

As part of that process, the DSS consulted with the University of California, Davis, Center for Public Policy Research, to conduct an independent review of research including other states' caseload standards. The research showed that California's caseloads are higher than most other states, and it found that the SB 2030 study to be the most extensive and highly regarded effort to date to measure appropriate workload in child welfare.

The proposed budget methodology was due to the Legislature by February 1, 2007, and it is the intent of the Legislature that the budget methodology be implemented in the Budget Act of 2007. However, that report has not yet been submitted. As of the release of this agenda, the Administration cannot commit to a specific release date. This is especially problematic in this case, because the Legislature will not have time to thoroughly analyze and discuss this proposed methodology at the May Revision.

Questions:

1. Department, please explain the SB 2030 standards. How close is the state to achieving those standards?
2. Department, exactly when will the Legislature receive the Child Welfare Services budget methodology?

Staff Recommendation: Hold open pending release of the budget methodology.

DSS Issue 4: Title IV-E Waiver

Description: The proposed Governor's Budget includes \$180,000 (\$90,000 General Fund) and 1.5 limited-term positions to provide state administrative oversight and evaluation activities related to the development and implementation of the Title IV-E waiver.

Background: On March 31, 2006, the federal government approved the state's request to waive certain provisions of Title IV-E under a IV-E waiver demonstration project. Under the terms of the waiver, up to 20 counties may participate, using federal funds for services that would normally not be eligible for federal reimbursement. The purpose of the waiver is to encourage and allow the use of innovative strategies or intensive services in order to prevent or limit placement in foster care. Two counties have chosen to opt into the waiver, Los Angeles and Alameda. These two counties account for 37 percent of the child welfare caseload.

In exchange for flexibility in use of the federal Title IV-E funds, participating counties will receive a capped allocation. This allocation, combined with the state's General Fund contribution, comprises the total amount available to the counties to fund child welfare

and foster care services. The participating counties may not claim more than this annual allocation. Any unspent allocation will be available to the county in the subsequent year; conversely, and county expenditures in excess of this allocation must be absorbed by the county. The state's agreement with the federal government allows the funding amount for the counties to increase by two percent each of the five years of the waiver period.

LAO Recommendation: In their 2007-08 Budget Analysis, the LAO recommends that the Legislature adopt budget bill language that establishes a reserve fund and sets out conditions for its use. This reserve is intended to mitigate the fiscal risk posed to counties participating in the waiver and any potential safety risk to children that might result from a spike in caseload.

2007-08 Budget Request: The DSS is requesting \$180,000 (\$90,000 General Fund) and 1.5 limited-term positions to provide state administrative oversight and evaluation activities related to the development and implementation of the Title IV-E waiver. The DSS notes that the different funding mechanism will require significant systems changes to the current budgeting, allocation, and claiming processes resulting in additional fiscal and accounting workload. In addition, the DSS cites a number of legal activities that might develop as a result of the waiver.

Questions:

1. Department, please provide an update of the Title IV-E implementation. Do you expect additional counties to participate in the waiver?
2. Department, please describe your budget request and explain the justification for the additional legal staff.
3. LAO, please describe the risks you identified in your 2007-08 Budget Analysis and explain your recommendation.

Staff Recommendation: Approve funding and positions. Hold open LAO budget bill language and Title IV-E local assistance funding until the May Revision.

DSS Issue 5: Kinship Guardian Assistance Payment Program

Description: The proposed Governor's Budget includes trailer bill language that would eliminate the Kinship Guardian Assistance Payment Program Plus (Kin-GAP Plus). In addition, the County Welfare Directors Association (CWDA) has identified two additional issues with implementation of the Kinship Guardian Assistance Payment Program (Kin-GAP) for the Subcommittee's consideration.

Background:

Kinship Guardian Assistance Payment Program (Kin-GAP): The Kin-GAP program is intended to enhance family preservation and stability by recognizing that many foster children are in long-term, stable placements with relatives and that these placements

are the permanent plan for the child. Accordingly, a dependent child who has been living with a relative for at least twelve months may receive a subsidy if the relative assumes guardianship and the dependency is dismissed. Kin-GAP rates are equal to 100 percent of the basic foster care rate for children placed in a licensed or approved home.

Kinship Guardian Assistance Payment Program Plus (Kin-GAP Plus): The Kin-GAP Plus program was established in the 2006 budget trailer bill as a voluntary alternative to the existing Kin-GAP program. The goals of the Kin-GAP Plus were the same as those of the “regular” Kin-GAP Program, but the eligibility was expanded to include certain probation youth who have been living with a relative for at least twelve months. As with “regular” Kin-GAP, the Kin-GAP Plus rates are also equal to 100 percent of the basic foster care rate for children placed in a licensed or approved home, but are increased by a clothing allowance and, if eligible, by a specialized care increment. These rate adjustments provide relative caregivers parity with the amounts that foster families receive.

The Kin-GAP Plus program was intended to be funded as a non-TANF/MOE (Temporary Assistance for Needy Families/Maintenance of Effort) program (i.e., as a state-only program), in order to avoid inclusion of these families in the calculation of the state’s work participation rate for CalWORKs pursuant to the federal Deficit Reduction Act of 2005. However, it was determined that there would be problems providing child support and Medi-Cal benefits because of the state-only nature of the program. Therefore, this program is proposed to be eliminated in the trailer bill.

Enhanced Kinship Guardian Assistance Payment Program (Enhanced Kin-GAP): The Enhanced Kin-GAP program replaced Kin-GAP Plus. Its goals and enhanced funding are identical to Kin-GAP Plus, but the source of funding is TANF/MOE. This shift in the funding source allows Enhanced Kin-GAP participants to remain eligible for Medi-Cal and child support.

Enhanced Kin-GAP Clean-up Issues: The CWDA has identified two issues with implementation for possible legislative clean-up.

1. County Sharing Ratio for the Clothing Allowance: The trailer bill lacked sufficient clarity on the 100 percent General Fund share of the state clothing allowance add-on to Kin-GAP.
2. Statutory Exclusion from Clothing Allowance: Three counties, Tehama, Plumas, and Colusa, are excluded by statute from providing the state clothing allowance. Adding these counties would cost less than \$15,000 General Fund per year.

Questions:

1. Department, please describe the proposed trailer bill language.
2. CWDA, please describe the two clothing allowance issues that you have identified and your proposed solution.

Staff Recommendation: Approve the trailer bill language. Hold open the additional trailer bill changes. Staff will need to do further work with the Administration and the CWDA on these proposals.

DSS Issue 6: Transitional Housing Placement Program

Description: The proposed Governor's Budget includes \$29.3 million (\$18.9 million General Fund) for the Transitional Housing Placement Program (THPP). The THPP was augmented in the 2006 Budget Act by \$4.2 million General Fund and the county share of cost for the program was removed. These changes led to greater than expected growth in the program in the current year. The 2007-08 estimate of total costs will be recalculated at the May Revision.

Background: The Transitional Housing Placement Program (THPP) provides housing assistance to emancipating foster youth aged 16 to 24. Prior to last year, counties had a 60 percent share of cost for THPP services provided to children 18 and older. Once the share of cost was removed, county interest in participation expanded more quickly than anticipated. The Administration is pursuing legislation to provide an augmentation to the program in the current year of \$11.9 million General Fund to meet this additional demand by the counties for resources. That bill is AB 845 (Bass, Maze, and Sharon Runner), which is currently in spot form.

Each year, approximately 5,000 youth emancipate from the foster care system in California; many leave without the resources, skills, or abilities to find safe housing and support. These youth are at a critical juncture and may become homeless, out of school, unemployed, and receive CalWORKs or, with housing and other support, become healthy and productive citizens.

Questions:

1. Department, how many additional counties did you anticipate would participate in the current year? How many actually expressed interest in participating?

Staff Recommendation: Hold open until May Revision.

DSS Issue 7: State Support for Adoptions

Description: The Department of Social Services has four requests for state operations funding to support adoption-related activities.

Background:

1. **Mutual Consent Program – Siblings** (AB 2488, Leno, Chapter 386, Statutes of 2006): AB 2488 reduces the age from 21 years to 18 years that the Department of Social Services or an adoption agency may release the names and addresses of

siblings to one another. It also permits an adoptee or sibling under 18 years of age, with permission from his or her adoptive parent or legal parent or guardian, to waive confidentiality of contact information for release to a sibling. In cases where there is no waiver on file, AB 2488 authorizes the court to appoint a confidential intermediary, which could be the Department of Social Services, to search for one sibling on behalf of the other.

The DSS has submitted a request for \$274,000 (\$187,000 General Fund) and three positions to handle the duties of the confidential intermediary. Although the DSS currently handles post-adoption inquiries, they anticipate increased numbers of these inquiries and that most will petition the court to appoint a confidential intermediary to facilitate contact. It is reasonable to expect that there will be increased workload as a result of this bill, however, the DSS acknowledges that it has no concrete basis for knowing what that increase ultimately will be.

2. **Intercountry Adoptions** (SB 1393, Florez, Chapter 809, Statutes of 2006): SB 1393 provides for an expedited re-adoption process in California with fewer requirements for a foreign-born child adopted by California residents in the child's country. The expedited process is available if DSS has certified that the laws of the foreign country where the child was originally adopted meet or exceed California's adoption laws. SB 1393 requires DSS to certify five specified countries, China, Guatemala, Kazakhstan, Russia, and South Korea, and allows the expedited re-adoption process for any other countries that DSS has certified.

The DSS has submitted a request for \$381,000 General Fund and three positions to implement SB 1393. It is clear that there is additional workload to certify the five countries; however, much of this workload consists of one-time, up front activities related to the certification. It is not clear how much workload will be on an on-going basis. According to DSS, about 90 percent of the intercountry adoptions in California are from the five specified countries. Therefore, it is not known how many additional countries will need to be certified.

3. **Adoption Facilitator Registry** (SB 1758, Figueroa, Chapter 754, Statutes of 2006): SB 1758 requires the DSS to establish and adopt regulations for a statewide registration process, including an appeal process, for adoption facilitators. It also requires the DSS to establish and adopt regulations to require adoption facilitators to post a bond.

The DSS has submitted a request for \$237,000 General Fund and two positions to implement SB 1758. There is clearly additional workload for DSS to establish and adopt regulations for the registration and appeal process and for the bond. Although there will be on-going workload to handle new applicants and appeals, much of the work is one-time in nature. Furthermore, the justification for the on-going need for the requested legal position is to provide legal and litigation support without any justification or prior experience to support that workload.

4. **Hague Convention on Intercountry Adoption:** The Hague Convention on International Adoption is an international treaty to establish standards for

intercountry adoptions focused on preventing child abduction and child trafficking. In February 2006, the U.S. State Department issued new federal regulations implementing the treaty and the treaty took effect in March of 2006. One of the federal requirements is that agencies providing intercountry adoptions be accredited by the Council on Accreditation if they are involved in adoptions in one of the 47 countries that are signatories to the treaty.

The DSS has submitted a request for \$92,000 General Fund and one position to implement policy letters, regulations and forms, and provide training and technical assistance to adoption agencies. The DSS cites a tripling in the rate of intercountry adoptions over the last decade and an (unspecified) increase in the number of adoption agencies providing intercountry adoptions. The DSS also indicates that they have legislation (SB 703, Ducheny) to conform state statute to federal law in this area, with new regulations and adoption reporting requirements to follow.

Questions:

1. Department, please briefly describe each of your state operations requests.

Staff Recommendation:

1. **Approve one position on a permanent basis and two positions on a two-year limited-term basis.** Their amount of on-going workload is not really known and should be clearer with a couple years of experience with the confidential intermediary process.
2. **Approve one Staff Counsel position and the analyst position on a two-year limited-term basis.** The on-going workload for all positions is unknown. At this time, the legal workload also appears speculative.
3. **Approve one analyst on a permanent basis; reject the Staff Counsel position.** Much of the workload associated with the Staff Counsel positions is speculative.
4. **Approve the request for one position, but make it two-year limited-term pending further work on the Hague Convention at the federal level.**

0530 Health and Human Services Agency (HHS)**HHS Issue 1: Office of System Integration – CWS/CMS**

Description: The proposed Governor's Budget requests funding for two Child Welfare Services/Case Management System (CWS/CMS) issues: 1) \$899,000 (\$774,000) in the current year and \$5.0 million (\$2.4 million General Fund) in the budget year for on-going maintenance and operations of the existing CWS/CMS; and 2) \$343,000 (\$171,000 General Fund) in the budget year for updated planning costs for the new CWS/CMS project.

Background: The Child Welfare Services/Case Management System (CWS/CMS) application provides case management capability for local child welfare services (CWS) agencies, including the ability to generate referrals, county documents, and statistical and case management reports. The system was implemented statewide in 1997 and is now in the maintenance and operations (M&O) phase.

CWS/CMS's current technical architecture is comprised of technologies and concepts that were common for large, mission-critical systems in the mid-1990s. However, the current system has significant limitations today:

- It depends on technologies that are expensive to maintain and update.
- It does not lend itself to enhancement using emerging technologies.
- It does not meet the federal Administration for Children and Families (ACF) functionality requirements for Statewide Automated Child Welfare Information Systems (SACWIS) including: Adoptions Case Management; Automated Title IV-E Eligibility Determination; Interfaces to Title IV-A (CalWORKs), Title IV-D (Child Support), IV-E (Foster Care), and Title XIX (Medi-Cal) systems; Financial Management for Out-of-Home Care and Adoptions Assistance Payments.
- It was developed, built, and is maintained by IBM. While it is not a proprietary system, the Office of System Integration (OSI) and Department of Social Services (DSS) are not able to generate sufficient competition when they go out to bid for procurement of M&O due to its size and complexity. This lack of competition is also of concern to the ACF.
- Caseworkers complain that they spend too much time on data entry and maintenance, which is taking time away from their case work.

In light of the current system's limitations, the ACF discontinued federal funding for the project for two years. To restore funding, OSI and DSS conducted an analysis of the system's architecture. That analysis concluded that it would be more cost effective to build a new system than to modify the existing CWS/CMS. OSI received approval of a feasibility study report (FSR) from the Department of Finance in April 2006 and from the

ACF in July 2006. In the current year, OSI and DSS are in the planning phase of the new project.

Although replacement of the existing CWS/CMS is needed due to its significant limitations, the new project is in a stage where the Legislature will need to exercise thorough oversight. Once approval for a project is given beyond the planning phase, the state loses control of the project costs, short of canceling the project altogether. It is critical that OSI and DSS get the business requirements defined accurately for a new CWS/CMS, to ensure that actual project costs do not exceed the expected project costs that comprise the vendor's bid for the project. Should the Legislature approve this budget request for additional planning phase funding, they will have another opportunity to decide whether to go forward with additional investments in the project upon completion of the planning phase.

Questions:

1. Office of System Integration, please describe what CWS/CMS is and the limitations of the current system.
2. Office of System Integration, explain the current and budget year cost increases in M&O for the existing CWS/CMS.
3. Office of System Integration, describe the timeline for development of the new CWS/CMS. When is the planning phase anticipated to be completed?

Staff Recommendation: Approve as budgeted the \$5.0 million for on-going M&O. Hold open the request for additional funds for planning of the new system.

5175 Department of Child Support Services (DCSS)

DCSS Issue 1: California Child Support Performance (Information Only)

Description: This item is informational only.

The state receives federal financial incentives and penalties based on five child support performance measures. In Federal Fiscal Year (FFY) 2005, California scored lower than the national average on three out of five measures. For the first time, the budget estimates a 3.1 percent decrease in collections for the current year and a 0.3 percent decrease for the budget year.

In addition, approximately \$19.9 billion in child support arrears is currently owed to families in the state. An analysis conducted by the Urban Institute found that approximately \$4.8 billion of the state's arrears is collectable, including \$2.3 billion of which is owed to the state for CalWORKs reimbursements.

Background:

The five federal performance measures and California's performance on them is described in the following chart. Although California is exceeding the minimum federal performance standards in all categories, the state is below the national average in three of four areas.

Federal Performance Measure	National Ave FFY 2005	California FFY 2006	Federal Minimum Standard
Statewide Paternity Establishment	95%	110%	50%
Support Orders Established	76%	81%	50%
Collections on Current Support	60%	50%	40%
Collections on Arrears	60%	57%	40%
Cost-Effectiveness Ratio	\$4.58	\$2.03	\$2.00

Cost-Effectiveness: California's child support system collected \$2.03 in revenue for every \$1.00 spent on collection efforts in FFY 2006. This is significantly lower than the national average of \$4.58 in revenue per dollar spent. Among 54 states and territories, California ranks 51st in cost-effectiveness in FFY 2005.

Assistance Collections Declining: In addition to total collections decreasing, the budget anticipates that assistance collections will also decline by 8.0 percent. Assistance collections, which have been declining since 2000-01, reflect payments from non-custodial parents that are redirected to the state and federal government to repay past welfare costs.

The Compromise of Arrears Program (COAP): The Compromise of Arrears Program (COAP) was established in 2003-04 to offer reduced lump sum settlements to parents in exchange for their commitment to make ongoing payments. This program is also intended to reconnect families estranged due to unresolved child support payments. The 2006 Budget Act included \$608,000 (\$207,000 General Fund) to maintain 7.5 expiring limited-term positions for the COAP, and trailer bill language to extend the sunset date for COAP from June 30, 2006 to January 1, 2008. During the first five months of 2006-07, \$14.8 million in arrears was approved for a COAP plan, \$2.9 million was agreed to be repaid, and \$1.7 million was collected.

Beginning in July 2005, the Department of Child Support Services (DCSS) worked with counties to simplify the program and reduce the amount of paperwork associated with its administration. The DCSS is monitoring the expansion and utilization of COAP. The Department will monitor the recent changes to the program and prepare an evaluation of the program in 2008.

Questions:

1. Department, please explain why the state's performance is significantly lower than the national average for the collections in current support, the collections on arrears and the cost effectiveness ratios. How does the Administration propose to improve the state's performance?
2. Department, why are assistance collections declining? What is the Department doing to improve these collections?
3. Department, why has COAP not been as successful as originally anticipated?

DCSS Issue 2: Child Support Automation

Description: The proposed Governor's Budget reduces the Department of Child Support Services (DCSS) budget by \$107.2 million (\$11.2 million General Fund) to reflect the current status of the California Child Support Automated System project. This reduction includes: 1) \$2.4 million (\$800,000 General Fund) to reflect various expiring state contracts; and 2) \$104.8 million (\$10.4 million General Fund) in local assistance funding to reflect unneeded matching funds and one-time costs.

Background: In September 2006, the Department of Child Support Services applied for federal certification of the California Child Support Automated System (CCSAS). Once the state applied for certification, the federal penalty for not having a single statewide automation system was placed in abeyance.

Since 1998, California has paid a total of nearly \$1.2 billion in penalties for failing to have a single statewide automation system. The 2006-07 budget included \$220 million to pay the federal penalty for federal fiscal year 2006 (October 2005 through September 2006). The state is currently in the process of becoming certified, during which time the federal penalty is not assessed. Once the system is certified, the federal government will reimburse the state 90 percent (\$198 million) of the final penalty paid in 2006-07.

The Governor's budget assumes that the federal government will certify the system and reflects this reimbursement as revenue in 2007-08.

The CCSAS consists of two major components, the State Disbursement Unit (SDU) and Child Support Enforcement (CSE). The SDU collects, processes, and distributes child support payments. The SDU was fully implemented in May 2006. The CSE component of the project provides a central database and case management system to support child support enforcement activities in all Local Child Support Agencies (LCSAs). The CSE portion of CCSAS is being implemented in two phases. The first phase of CSE is Version 1, which created a centralized database and reporting system for two preexisting systems. The second phase is Version 2, which will consolidate the two preexisting systems and create increased child support enforcement capabilities.

Once both the SDU and Version 1 were operational in September 2006, the state applied for federal certification of this "alternative" system, which refers to the joined preexisting systems. This application for certification means that penalties are held in abeyance pending federal certification. The roll-out of Version 2 is scheduled to begin in May 2007, with full implementation by October 2008.

Questions:

1. Department, please describe the current status of CCSAS implementation and the future timeline for completion.

Staff Recommendation: Approve as budgeted.

DCSS Issue 3: Mandatory Parental Fees
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Description: The proposed budget includes \$1.8 million to cover the costs of the \$25 application fee that the federal Deficit Reduction Act of 2005 (DRA) requires states to charge "never-assisted" families whose collections exceed \$500. Never-assisted families are those who have never received CalWORKs cash aid.

Background: Beginning in January 2008, in accordance with the Deficit Reduction Act, the federal government will assess an annual fee on the state of \$25 for each never-assisted child support case for which \$500 or more is collected. The state may choose to recover this fee from: (1) the custodial parent; or (2) the noncustodial parent. Alternatively, the state can choose to absorb this cost, thereby paying it out of state funds. For 2007-08, the fee would be \$1.8 million. Because California has never collected a fee related to child support, there are significant automation reprogramming costs associated with attempting collection from the custodial or noncustodial parents.

The DCSS is currently operating the two legacy subsystems, and the single replacement system (Version 2) will not be completed until October 2008 at the earliest. As a result, collecting the fee in the budget year would require the reprogramming of

three separate systems. According to the department, it is not cost-effective to make reprogramming changes at this time.

Since the fee will not be assessed until January 2008, the 2007-08 budget includes \$1.8 million General Fund to cover the fee for six months. In 2008-09, the General Fund cost to cover this fee is estimated to be about \$3.5 million.

In order to avoid reprogramming costs for three separate systems, the LAO concurs with the decision to use state funds to cover the mandatory fee in 2007-08. However, in the long run, the LAO contends that collecting a fee may have merit. The LAO recommends that the Legislature adopt supplemental report language (SRL) requiring DCSS to provide a report to the Legislature in 2008 on the costs and benefits of collecting a fee.

The following SRL is consistent with this recommendation:

Report on the Costs and Benefits of Collecting a Fee. The Department of Child Support Services shall provide a report no later than March 1, 2008 on the costs and benefits of assessing an annual fee of \$25 for never assisted child support cases for which \$500 or more is collected.

Questions:

1. Department, please describe the DRA changes and the budget request.
2. LAO, please describe your analysis and recommendation.

Staff Recommendation: Approve the budget request and adopt the LAO SRL.

DCSS Issue 4: Performance Incentive Funding

Description: The proposed 2007-08 budget includes \$68 million (\$23 million General Fund) for Local Child Support Agencies (LCSAs) to backfill for lost Federal Financial Participation (FFP). The Subcommittee may also wish to consider continuation in 2007-08 of the \$12 million (\$4 million General Fund) provided in the current year for improved county performance.

Background:

Backfill of Federal Financial Participation. Beginning October 2007, the federal Deficit Reduction Act (DRA) of 2005 eliminated states' ability to utilize federal performance incentives funds as eligible matching dollars for FFP. In order to retain the current funding level for LCSA administration, \$68 million (\$23 million General Fund) is needed for 2007-08. This represents nine months of backfill funding. For 2008-09, the Department of Child Support Services (DCSS) will request \$90 million (\$31 million General Fund) to replace the lost federal match of performance incentives.

2006-07 Program Improvement Augmentation. The 2006 Budget Act included a one-time \$12 million (\$4 million General Fund) increase to county child support administration to provide counties an opportunity to make one-time investments to improve county performance. The funds were allocated to LCSAs based on an agreed-upon budget allocation model that allocated 50 percent of the funding for performance and 50 percent for equity.

Questions:

1. Department, how are LCSAs spending the \$12 million?
2. Department, when will we be able to determine whether these funds have improved performance?

Staff Recommendation: Hold open.

DCSS Issue 5: Local Child Support Agency Funding

Description: The Governor's Budget proposes to continue holding administrative funding support for local child support agencies (LCSAs) flat at \$710 million (\$217.8 million General Fund) in 2007-08. Funding has remained at that level for a number of years, and LCSAs indicate that flat funding has reduced the rate of growth in child support collections. Depending on the availability of funds at the May Revision, the Subcommittee may wish to consider a funding increase for LCSA administration.

Background:

Local Child Support Agency (LCSA) Functions: LCSAs are responsible for the administration of child support programs at the county level and perform functions necessary to establish and collect child support. Program activities include establishing child support cases, establishing child support orders, collecting current and past-due child support, enforcing medical support orders, and implementing customer service initiatives.

LCSA Funding Structure: Baseline county funding for the implementation of local child support programs is established according to a statutory formula based on child support collections. This statutory formula has been suspended since 2003-04. Individual county allocations are generally based on historic county expenditures and vary across the state.

LCSA Staffing Reductions: The Child Support Directors Association reports that state and local staffing has declined from 11,070 in 2001-02 to 8,442 in 2006-7, due to the lack of funding increases. Additional local positions may be eliminated or held vacant in 2007-08 as a result of flat funding.

Funding to support LCSAs has been held flat for the past five years. The Association indicates that flat funding has resulted in an ongoing decline in the rate of growth of

child support collections. The rate of growth in distributed collections has dropped from 10.7 percent in FFY 2001 to a projected -0.3 percent in 2006-07. This represents a 103 percent decline in the rate of growth over the last six years. The Association indicates that chief among the reasons for decline is the loss of approximately 2,628 child support positions over the past five years representing a 24 percent reduction in staffing. While automated systems are important, the Association notes that the single most important factor that contributes to the collection of child support is the ability of staff to work directly with a case.

The Association indicates that LCSAs have also been called upon to provide significant resources to support the state in its effort to develop and implement CCSAS. At last count, nearly 200 child support employees are participating in various capacities to support the project. Only a small number of those staff positions are being reimbursed. Additionally, every county child support department is being required to expend resources around conversion and integration activities that are necessary for the successful implementation of the system. Unlike the Department of Child Support Services (DCSS) or the Franchise Tax Board (FTB), LCSAs have been largely required to absorb the additional workload demands within their current allocation.

LAO Report on Program Improvement. The LAO's May 2006 report entitled "Strategies for Improving Child Support Collections in California" recommended creating a performance-based system that gives counties the flexibility and financial incentives to meet state-established performance benchmarks. Responding to poor California performance on the collections measures, the LAO concluded that the LCSAs were too tightly controlled at the state level, leading to a lack of investment and ownership in the program by the counties and that the counties faced limited fiscal incentives to improve their child support collections performance.

The LAO found that minimal fiscal incentives, lack of program control, and perhaps the lack of federal and state resources in some counties have contributed to poor child support enforcement performance. Although the state is ultimately responsible to the federal government for the performance of the program, there are virtually no fiscal consequences for the local child support agencies if they perform poorly. Moreover, the state has no effective means of encouraging local child support agencies to improve their collections.

The LAO recommended creating a performance-based, county run program that: (1) allows the counties the flexibility to structure their own programs, (2) requires counties to fund a share of the costs for the program, (3) rewards them for good performance on federal performance measures, and (4) provides a funding mechanism to assist those counties which may need additional resources to improve their performance.

Continue Suspension of Health Insurance Incentives and Improved Performance Incentives Programs. The budget proposes trailer bill language to continue the suspension of two programs, the Health Insurance Incentives and the Improved Performance Incentives programs, through 2007-08. These programs were part of the Child Support reform legislation passed in 1999. The Health Insurance Incentives program paid LCSAs \$50 for each case for which they obtained third-party health

insurance coverage or insurance for child support applicants or recipients. The Improved Performance Incentives program provided the ten best performing LCSAs with five percent of the amount they collected on behalf of the state for public assistance payment recoupments. The funding received by the LCSAs was required to be reinvested back into the Child Support Program. These programs were suspended for four years beginning 2002-03. The Department of Finance notes that LCSAs are required by DCSS regulations to seek third-party health insurance coverage as part of their normal business processes.

Questions:

1. Department, please present the Governor's Budget for local child support funding. Why has an increase not been proposed?
2. LAO, please present the findings and recommendations in your May 2006 report.

Staff Recommendation: Hold open until the May Revision.

DCSS Issue 6: Options for Child Support Disregard (Information Only)

Description: This item is informational only.

The Deficit Reduction Act of 2005 will increase federal participation in the amount of child support passed through to families who currently receive welfare assistance effective October 2008.

Background: Pursuant to the federal Deficit Reduction Act of 2005 (DRA), beginning in October 2008 the federal government will share the cost of the child support that is passed through to welfare families, or CalWORKs families in California, up to specified limits. Specifically, the federal government will participate in 50 percent of the pass-through of up to \$100 for families with one child, and up to \$200 for families with two or more children. Currently, California elects to pass through the first \$50 per month collected from the noncustodial parent to welfare families at an annual cost of about \$30 million General Fund.

Options for the Disregard: Although the federal government will participate in the pass-through of up to \$100 for families with one child and \$200 for families with two children, the state will ultimately decide how much to pass-through. A decision to increase the current pass-through would result in lost General Fund revenues. This is because child support not passed through would otherwise be retained by the state as General Fund revenue, partially offsetting the cost of the grant provided to welfare families. The table below shows the General Fund costs (revenue losses) of various pass-through options. These alternatives do not account for automation costs that may result from modifying the current pass-through policy. Additionally, the Department of Child Support Services (DCSS) estimated the cost of each alternative based on a one-

month sample of children currently receiving child support, so actual costs could differ from these estimates.

Child Support Pass-Through Alternatives					
Alternative	Amount of Pass Through		General Fund Cost (In Millions)		
	1 Child	2+ Children	2008-09	2009-10	2009-10 Change From Current Law
Current Law	\$50	\$50	\$19	\$15	—
Alternative 1	50	100	24	19	\$4
Alternative 2	100	100	33	27	12
Alternative 3	100	200	43	34	19

(Source: LAO 2007-08 Budget Analysis)

As shown in the table above, all pass-through alternatives cost more in 2008-09 than 2009-10. This is because the federal government will not begin participating in the pass-through until October 2008, which is three months into the 2008-09 fiscal year. The cost of implementing an increased pass-through policy could be lower in 2008-09, if the Legislature decides to delay any increase until federal participation begins in October 2008. The department indicates that a pass-through policy that requires it to track the number of children in the family in order to determine the amount to pass-through would result in higher automation costs. This is because the current pass-through policy allows for the distribution of the same amount to all families, and does not require a method to track the number of children in each family.

All alternatives would require some automation changes. However, automation modifications to implement alternatives 1 and 3 are likely to cost more, since these alternatives require a method to pass-through a different amount to a family with one child than to a family with two or more children.

LAO Conclusion: By increasing federal participation in the pass-through of child support payments, DRA gives the state increased flexibility when establishing its pass-through policy. In deciding the most appropriate amount to pass-through to child support families, the LAO suggests that the Legislature weigh the General Fund costs of more generous policies against the potential benefits of passing through more child support to families.

Questions:

1. LAO, please describe these alternatives for the disregard and the costs and savings.
2. LAO, what does research show about pass-through policies?